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House Committee on Transportation and Infrastructure DEMOCRATS

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Attn: Transportation, Rail

Oberstar: "We Need to Invest in Amtrak"

WASHINGTON—In response to Amtrak's announcement today that it was laying off employees and may consider service cuts in order to reduce costs, Rep. James L. Oberstar (Minn.), Ranking Democratic Member of the House Committee on Transportation and Infrastructure, released the following statement:

Oberstar Statement on Amtrak's Announcement to Reduce Expenses

It is particularly unfortunate that Amtrak is cutting some 1,000 jobs at a time when the nation is already in a recession. Many of those who lose their positions will find it difficult to find jobs that pay a wage that allows them to support their families.

The Department of Transportation's Inspector General, in a report released earlier this week, stated that Amtrak has not received sufficient funding to invest in projects designed to help achieve operating self-sufficiency and reinvest sufficiently in its infrastructure. As Amtrak has been forced to pursue new sources of revenues to attain self-sufficiency, resources have been diverted from the existing rail plant. In the Northeast Corridor alone, there is a \$3 billion backlog of needs to bring the infrastructure up to a "state of good repair". Nationwide, the capital investment backlog is nearly \$6 billion. The reductions that Amtrak has announced today will only add to the backlog.

Our nation needs a viable intercity passenger rail system to supplement our air and highway networks. It is time that we recognized that such a system will cost money -- more money than we have been willing to commit thus far. Both Amtrak and the Inspector General estimate that Amtrak's annual capital needs are between \$1 billion to \$1.5 billion, but Amtrak has received only about one-third of what is needed each year.

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Despite this inadequate support, Amtrak has achieved much in the past five years. Revenues are up 26 percent and ridership has grown 11 percent. Amtrak's new Acela train operations in the Northeast Corridor are doing particularly well. Amtrak's Acela/Metroliner ridership was 40 percent higher in October/November 2001 than for the same months in 2000 and revenues were 66 percent higher. For the first quarter of FY2002, Acela Express load factors averaged 54 percent despite the downturn in the economy.

We must begin to build on these successes. We need to fix the real problem at Amtrak -- the problem of undercapitalization. We need to define Amtrak's mission and give it the resources to carry out that mission. As the Inspector General said, we must decide the scope and size of the rail network and how we are going to pay for it. The IG also dismissed the "quick-fix" solutions advocated by the Amtrak Reform Council, that is, breaking Amtrak up into three parts or privatizing it. We need to invest in Amtrak, not destroy it.

In the next few months, we will begin consideration of the reauthorization of Amtrak. I plan to fight to get Amtrak the resources it needs to do the job for which it was created and to protect it from ill-founded schemes to break it up and privatize its operations.

END